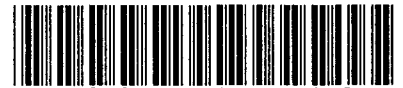


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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

BOB STUMP - Chairman  
GARY PIERCE  
BRENDA BURNS  
BOB BURNS  
SUSAN BITTER SMITH

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AZ CORP COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

OCT 02 2013

DOCKETED BY

IN THE MATTER OF THE APPLICATION OF  
TRUXTON CANYON WATER COMPANY, INC.  
FOR APPROVAL OF A RATE INCREASE.

DOCKET NO. W-02168A-11-0363

RATE CASE  
PROCEDURAL ORDER

On September 30, 2011, Truxton Canyon Water Company, Inc. ("Truxton" or "Company") filed with the Arizona Corporation Commission ("Commission") an application for an increase in its water rates and charges, using a test year ("TY") ending June 30, 2011. Truxton's application requested authorization to increase its rates to generate an additional \$312,034 in gross revenues per year, resulting in a 97.24 percent increase over unaudited test year revenues. Truxton's application stated that the additional revenues would be obtained through having the Valle Vista Property Owner Association ("VVPOA") become a customer of Truxton.

On October 31, 2011, the Commission's Utilities Division ("Staff") issued a Letter of Sufficiency in this docket stating that Truxton's application had met the sufficiency requirements as outlined in A.A.C. R14-2-103 and that Truxton had been classified as a Class C utility.

On November 4, 2011, by Procedural Order, the rate case hearing was set to begin on May 7, 2012, and other procedural deadlines were established.

On December 1, 2011, VVPOA filed a Motion to Intervene in this proceeding.

On December 12, 2011, Truxton filed a Notice of Filing Affidavit of Publication and Affidavit of Mailing, showing notice of the application had been published on November 25, 2011, in the *Kingman Daily Miner*, a newspaper of general circulation in Mohave County.

On January 3, 2012, by Procedural Order, VVPOA was granted intervention in this matter.

On January 31, 2012, Staff filed a Motion to Suspend Timeclock. In its Motion, Staff stated that the Company had not provided responses to either Staff's November 21, 2011, data request or its December 8, 2011, data request. Without the information contained in the responses to the data

1 requests, Staff stated it could not move forward with its analysis and/or preparation of Staff's direct  
2 testimony, which was due in approximately six weeks. Staff requested a suspension of the timeclock  
3 until the Company adequately responded to Staff's outstanding data requests.

4 On February 13, 2012, a Procedural Order was issued suspending the timeclock in this matter  
5 and the May 7, 2012, hearing date was reserved for the taking of public comments only.  
6 Additionally, Staff was directed to file a request to reinstate the timeclock and a request to reset the  
7 procedural schedule, once Staff had received the Company's outstanding data responses.

8 On September 5, 2012, Staff filed a Request for Procedural Order. The request stated that  
9 Staff was concerned with the lapse of time since the rate case was filed; Truxton still had not  
10 responded to outstanding data requests; and that once the responses to data requests were received the  
11 TY data would be stale and likely no longer representative of the Company's current financial  
12 situation. Staff requested that the Commission order Truxton to update its application with revised  
13 data reflecting a new TY using the twelve months ending June 30, 2012, and that the Company be  
14 given until October 31, 2012, to provide the updated data.

15 On September 6, 2012, by Procedural Order, a procedural conference was scheduled to be  
16 held on September 17, 2012, for the purpose of discussing Staff's request and for the Company to  
17 provide an update on the status of its application.

18 On September 13, 2012, the Company filed a Motion to Reschedule Hearing or Alternatively  
19 Permit Telephonic Appearance stating that neither Truxton's representative nor VVPOA's attorney  
20 were available to attend the procedural conference scheduled for September 17, 2012. Truxton's  
21 motion requested that the procedural conference be reset for the week of September 24, 2012.

22 On the same date, Truxton filed a Notice of Settlement Agreement and Request for Expedited  
23 Approval ("Notice").

24 On September 14, 2012, by Procedural Order, the procedural conference scheduled for  
25 September 17, 2012, was rescheduled for September 26, 2012, to discuss Staff's request.

26 ...

27 ...

28 ...

1 On September 26, 2012, a Procedural Conference was held as scheduled. Staff, Truxton and  
2 VVPOA appeared through counsel. During the procedural conference the parties stated that Truxton  
3 and Staff had reached an agreement, in which Truxton agreed that it would amend its rate application  
4 using a 2012 TY.

5 On February 15, 2013, Truxton docketed an amended rate case application, using a TY ending  
6 December 31, 2012, and requesting an increase in its rates to generate an additional \$300,000 in gross  
7 revenues per year, over unaudited test year revenues.

8 On February 22, 2013, Truxton docketed updated rate case supporting documents.

9 On March 6, 2013, counsel for VVPOA, filed a Notice of Change of Firm Address.

10 On August 26, 2013, Staff filed a Request to Reinstate Timeclock and Reset Procedural  
11 Schedule. Staff's request stated that although Staff has not received every item requested, Staff has  
12 received sufficient information to enable it to complete its direct testimony, and that it is likely that  
13 all of the information Staff requires is available to Truxton. Further, Staff requested that the  
14 timeclock in this matter be reinstated and that the procedural schedule be reset.

15 On September 4, 2013, by Procedural Order, Staff and the parties were directed to file a joint  
16 filing, if possible, setting forth a proposed schedule for the filing of testimony, proposed customer  
17 notice, and proposed dates for the hearing. Further, Truxton was ordered to re-publish notice of the  
18 rate case application and hearing date in this matter.

19 On September 23, 2013, Staff and Truxton filed a Proposed Procedural Schedule as directed  
20 in the September 4, 2013, Procedural Order.

21 The timeline and deadlines proposed by Staff and Truxton are reasonable and should be  
22 adopted.

23 Pursuant to A.A.C. R14-2-103 and A.A.C. R14-3-101 *et seq.*, the Commission now issues this  
24 Procedural Order to govern the preparation and conduct of this proceeding.

25 IT IS THEREFORE ORDERED that the **hearing** in the above-captioned matter shall  
26 commence on **January 21, 2014, at 10:00 a.m., and continuing on January 22, 2014, if necessary,**  
27 or as soon thereafter as is practicable, at the Commission's offices, 1200 West Washington Street,  
28 **Hearing Room No. 1, Phoenix, Arizona.**

1 IT IS FURTHER ORDERED that a **pre-hearing conference** shall be held on **January 14,**  
2 **2014, at 10:00 a.m.,** or as soon thereafter as is practicable, at the Commission's Offices, **Hearing**  
3 **Room No. 1,** 1200 West Washington, Phoenix, Arizona 85007.

4 IT IS FURTHER ORDERED that the **Staff Report or direct testimony and associated**  
5 **exhibits** to be presented at hearing **by Staff** shall be reduced to writing and filed on or before  
6 **November 1, 2013.**

7 IT IS FURTHER ORDERED that the **direct testimony and associated exhibits** to be presented  
8 at hearing by an intervenor shall be reduced to writing and filed on or before **November 1, 2013.**

9 IT IS FURTHER ORDERED that the **rebuttal testimony and associated exhibits** to be  
10 presented at hearing **by Truxton** shall be reduced to writing and filed on or before **November 29,**  
11 **2013.**

12 IT IS FURTHER ORDERED that the **surrebuttal testimony and associated exhibits** to be  
13 presented at hearing **by Staff or intervenors** shall be reduced to writing and filed on or before  
14 **December 20, 2013.**

15 IT IS FURTHER ORDERED that any **rejoinder testimony and associated exhibits** to be  
16 presented at hearing **by Truxton** shall be reduced to writing and filed on or before **January**  
17 **10, 2014.**

18 IT IS FURTHER ORDERED that any **objections to testimony or exhibits** that have been  
19 filed as of **January 10, 2014,** shall be made on or before **January 14, 2014.**

20 IT IS FURTHER ORDERED that each party shall individually prepare, and bring to the  
21 **pre-hearing conference,** copies of an issues matrix setting forth all disputed issues in the case.  
22 **Each party's matrix** shall indicate the position of each party on each disputed issue and shall  
23 **indicate whether the issue remains in dispute or has been resolved and, if it has been resolved in**  
24 **what manner.**

25 IT IS FURTHER ORDERED that **all testimony filed** shall include a table of contents  
26 **listing the issues discussed herein.**

27 IT IS FURTHER ORDERED that any **substantive corrections, revisions, or supplements**  
28 **to the pre-filed testimony** shall be reduced to writing and filed no later than **January 10, 2014.**

1 IT IS FURTHER ORDERED that the parties shall prepare a **brief written summary** of the  
2 pre-filed testimony of their witnesses and shall file each summary no later than **January 14, 2014**.

3 IT IS FURTHER ORDERED that copies of the summaries shall be served upon the  
4 Administrative Law Judge, the Commissioners, the Commissioner's Advisors, and the parties of record.

5 IT IS FURTHER ORDERED that **Truxton shall provide public notice of the hearing** in  
6 this matter, in the following form and style, with the heading in no less than 12-point bold type and  
7 the body in no less than 10-point regular type:

8 **PUBLIC NOTICE OF HEARING ON THE APPLICATION OF TRUXTON**  
9 **CANYON WATER COMPANY, INC. FOR APPROVAL OF A RATE INCREASE**  
10 **(DOCKET NO. W-02168A-11-0363)**

11 On September 30, 2011, Truxton Canyon Water Company, Inc. ("Truxton" or  
12 "Company") filed with the Arizona Corporation Commission ("Commission") an  
13 application for an increase in its water rates and charges, which was subsequently  
14 updated using a test year ending December 31, 2012. Truxton's updated application  
requests authorization to increase its rates to generate an additional \$300,000 in gross  
revenues per year, resulting in a 54.26 percent increase over unaudited test year  
revenues. Under Truxton's proposed rates, a minimum monthly charge for a  
residential customer served by a 3/4-inch meter would increase from \$19.50 per month  
to \$29.57.

15 The Commission's Utilities Division Staff ("Staff") has determined that a 2012 Test  
16 Year is appropriate and is in the process of auditing and analyzing Truxton's records  
17 and has not yet made a recommendation regarding Truxton's rate application. **The**  
18 **Commission is not bound by the proposals made by Truxton, Staff, or any**  
19 **intervenors. The Commission will issue a Decision regarding Truxton's rate**  
20 **application following consideration of testimony and evidence presented at an**  
21 **evidentiary hearing. The final rates approved by the Commission may be higher**  
22 **or lower than those proposed by Truxton.**

23 A copy of the application is available at Truxton's offices [insert addresses] and at  
24 the Commission's offices at 1200 West Washington Street, Phoenix, Arizona, for  
25 public inspection during regular business hours, and on the internet via the  
26 Commission website ([www.azcc.gov](http://www.azcc.gov)) using the e-docket function.

27 The Commission will hold a hearing on Truxton's application beginning **January 21,**  
28 **2014, at 10:00 a.m., and continuing on January 22, 2014, if necessary,** at the  
Commission's offices, 1200 West Washington Street, Hearing Room No. 1, Phoenix,  
Arizona. Public comments will be taken on the first day of the hearing. Written public  
comments may be submitted via e-mail (visit  
<http://www.azcc.gov/Divisions/Utilities/forms/PublicCommentForm.pdf> for  
instructions), or by mailing a letter referencing Docket No. W-02168A-11-0363 to: Arizona  
Corporation Commission, Consumer Services Section, 1200 West Washington Street,  
Phoenix, Arizona 85007. If you require assistance, you may contact the Consumer Services  
Section at 1-800-222-7000 or 602-542-4251.

The law provides for an open public hearing at which, under appropriate  
circumstances, interested parties may intervene. Any person or entity entitled by law

1 to intervene and having a direct and substantial interest in the matter will be permitted  
2 to intervene. If you wish to intervene, you must file an original and 13 copies of a  
3 written motion to intervene with the Commission no later than on **November 19,**  
4 **2013**, and send a copy of the motion to Truxton or its counsel and to all parties of  
5 record. Your motion to intervene must contain the following:

- 6 1. Your name, address, and telephone number and the name, address, and  
7 telephone number of any person upon whom service of documents is to be  
8 made, if not yourself;
- 9 2. A short statement of your interest in the proceeding (e.g., a customer of  
10 Truxton, etc.); and
- 11 3. A statement certifying that you have mailed a copy of the motion to  
12 intervene to Truxton or its counsel and to all parties of record in the case.

13 The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except  
14 that all motions to intervene must be filed on or before on **November 19, 2013**. If  
15 representation by counsel is required by Arizona Supreme Court Rules 31 and 38,  
16 intervention will be conditioned upon the intervenor obtaining counsel to represent the  
17 intervenor. For information about requesting intervention, visit the Commission's  
18 website at <http://www.azcc.gov/divisions/utilities/forms/interven.pdf>. The granting of  
19 intervention, among other things, entitles a party to present sworn evidence at hearing  
20 and to cross-examine other witnesses. However, failure to intervene will not preclude  
21 any interested person or entity from appearing at the hearing and providing public  
22 comment on the application or from filing written comments in the record of the case.

23 The Commission does not discriminate on the basis of disability in admission to its  
24 public meetings. Persons with a disability may request a reasonable accommodation  
25 such as a sign language interpreter, as well as request this document in an alternative  
26 format, by contacting the ADA Coordinator Shaylin Bernal, e-mail  
27 [sabernal@azcc.gov](mailto:sabernal@azcc.gov), voice phone number 602-542-3931. Requests should be made as  
28 early as possible to allow time to arrange the accommodation.

17 IT IS FURTHER ORDERED that **by October 30, 2013, Truxton shall mail a copy of the**  
18 **above notice** to each of its customers in its service area and **shall cause the above notice to be**  
19 **published** in a newspaper(s) of general circulation in its service territory.

20 IT IS FURTHER ORDERED that **Truxton shall file certification of mailing and**  
21 **publication** as soon as practicable after mailing/publication has been completed, but no later than on  
22 **November 19, 2013.**

23 IT IS FURTHER ORDERED that notice shall be deemed complete upon mailing/ publication,  
24 notwithstanding the failure of an individual customer to read or receive the notice.

25 IT IS FURTHER ORDERED that intervention shall be in accordance with A.A.C. R14-3-105,  
26 except that all **Motions to Intervene** must be filed on or before **November 19, 2013.**

1 IT IS FURTHER ORDERED that **any objections to intervention** shall be filed on or before  
2 **December 2, 2013.**

3 IT IS FURTHER ORDERED that discovery shall be permitted by law and the rules and  
4 regulations of the Commission, except that until **January 17, 2014**, any objection to discovery  
5 requests shall be made within 7 calendar days of receipt<sup>1</sup> and responses to discovery requests shall be  
6 made within 10 calendar days of receipt. Thereafter, objections to discovery requests shall be made  
7 within 5 calendar days and responses shall be made within 7 calendar days. The response time may  
8 be extended by mutual agreement of the parties involved if the request requires an extensive  
9 compilation effort.

10 IT IS FURTHER ORDERED that for discovery requests, objections, and answers, if a  
11 receiving party requests service to be made electronically, and the sending party has the technical  
12 capability to provide service electronically, service to that party shall be made electronically.

13 IT IS FURTHER ORDERED that, in the alternative to filing a written motion to compel  
14 discovery, any party seeking resolution of a discovery dispute may telephonically contact the  
15 Commission's Hearing Division to request a date for a procedural hearing to resolve the discovery  
16 dispute; that upon such a request, a procedural hearing will be convened as soon as practicable; and  
17 that the party making such a request shall forthwith contact all other parties to advise them of the  
18 hearing date and shall at the hearing provide a statement confirming that the other parties were  
19 contacted.<sup>2</sup>

20 IT IS FURTHER ORDERED that any motion filed in this matter, other than a motion to  
21 intervene, that is not ruled upon by the Commission within 20 calendar days of the filing date of the  
22 motion shall be deemed denied.

23 IT IS FURTHER ORDERED that any response to a motion, other than responses to motions  
24 to intervene, shall be filed within five calendar days of the filing date of the motion.

25  
26  
27 <sup>1</sup> The date of receipt of discovery requests is not counted as a calendar day, and requests received after 4:00 p.m. MST  
will be considered as received the next business day.

28 <sup>2</sup> The parties are encouraged to attempt to settle discovery disputes through informal, good-faith negotiations before  
seeking Commission resolution of the controversy.

1 IT IS FURTHER ORDERED that any reply related to a motion shall be filed within five  
2 calendar days of the filing date of the response to the motion.

3 IT IS FURTHER ORDERED that the timeclock in this matter is hereby reinstated.

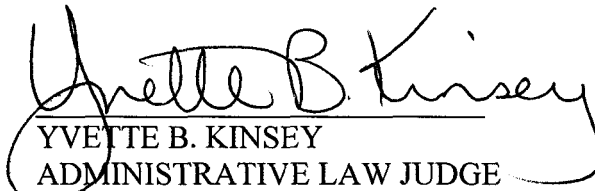
4 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113-Unauthorized  
5 Communications) applies to this proceeding, as the matter is now set for public hearing, and shall  
6 remain in effect until the Commission's Decision in this matter is final and non-appealable.

7 IT IS FURTHER ORDERED that all parties must comply with Arizona Supreme Court Rules  
8 31 and 38 and A.R.S. § 40-243 with respect to the practice of law and admission *pro hac vice*.

9 IT IS FURTHER ORDERED that withdrawal of representation must be made in compliance  
10 with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Arizona  
11 Supreme Court Rule 42). Representation before the Commission includes the obligation to appear at  
12 all hearings, procedural conferences, and Open Meetings for which the matter is scheduled for  
13 discussion, unless counsel has previously been granted permission to withdraw by the Administrative  
14 Law Judge or Commission.

15 IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive  
16 any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

17 DATED this 2nd day of October, 2013.

18  
19  
20   
21 YVETTE B. KINSEY  
22 ADMINISTRATIVE LAW JUDGE  
23  
24  
25  
26  
27  
28

Copies of the foregoing mailed  
this 2<sup>nd</sup> day of October, 2013 to:

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Owner Association

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By: Rebecca Unquera  
Rebecca Unquera  
Secretary to Yvette B. Kinsey